



## Carrots or Sticks? Libya and U.S. Efforts to Influence Rogue States

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### Introduction

The purpose of this analysis is to determine whether it is possible to successfully apply a behavior modification strategy to rogue states. The dramatic changes in the international system since the early nineties, namely the end of the Cold War and the more recent post-9/11 ascendancy of the Bush Doctrine, have left many to wonder whether Cold War era influence strategies such as deterrence, compellence, and engagement are viable against new threats. If these strategies are viable, how should they be used to influence the most immediate and pressing threats—rogue states trafficking in terrorism or weapons of mass destruction?

This analysis will examine United States' efforts through four U.S. presidential administrations (1986-2004) to convince Libya to cease its support for both international terrorism and the production of weapons of mass destruction (WMD).[1] In this particular case the United States was attempting to convince the target state, Libya, to stop an action already underway (support for terrorism and/or production of WMD in existing facilities and with existing resources) and also deter future support and production.[2] As such, U.S. influence strategy necessarily combined, at minimum, compellence (efforts to stop an action already underway) and deterrence (efforts to prevent future action). Additionally, the Clinton and George W. Bush administrations also used positive incentives in a conditional fashion after Tripoli demonstrated a willingness to change its behavior.

U.S. compellence and deterrence policy was strengthened by the application of UN sanctions. Together the combined sanctions set the conditions for Tripoli's behavior change. Substantive changes in Libyan policy regarding terrorism and weapons of mass destruction did not begin, however, until the U.S. began a policy of limited and incremental conditional engagement. Future policymakers should take from this case study an understanding that punitive measures such as sanctions, especially when backed by the international community, can be successful in achieving a limited goal of diplomatic and economic isolation. However, punitive measures alone may not be sufficient to facilitate recognizable and concrete behavior change in a target state. As this case demonstrates, when the right conditions have been established through punitive measures like sanctions, positive incentives offered in a conditional and incrementalized fashion

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can both build trust between the influencing and target state and move the target state towards committed and concrete behavior change.

## **Rogue States, Terrorism, and Weapons of Mass Destruction**

Though there is not one accepted definition of a rogue state,[3] qualification for the designation generally includes the production or purchase of WMD and links to terrorist organizations.[4] The U.S. government, arguably the largest proponent of the rogue state classification, defined the term in *The National Security Strategy of the United States of America* (September 2002). Essentially, rogue states are those who:

1. reject international oversight and controls on WMD;
2. have demonstrated a willingness to pursue the development and/or weaponization of WMD; and
3. have links to terrorist organizations, be it in providing safe-haven for terrorist training and operations, or through financial support.[5]

Given the threat that rogue states pose, it is important that the United States be able to successfully influence rogue state behavior. In a best-case scenario, a successful influence strategy could make it unnecessary for the United States to resort to war and its associated costs and risks to influence international outcomes. It is, therefore, within the U.S. national interest to maintain an ability to influence rogue state behavior.

## **U.S. Influence Strategy Assessment (1986-2004)**

On April 5, 1999, after 13 years of U.S. sanctions and 7 years of UN sanctions, the Libyan government turned over to British authorities two suspects in the terrorist bombing of Pan Am flight 103. Four years later, on December 19, 2003, Libyan Foreign Minister Abdel Rahman Shalqam announced his government's decision to discontinue its production of weapons of mass destruction.[6] What happened in those many years to cause a change in Libyan policy with respect to terrorism and weapons of mass destruction?

### **Reagan Administration Influence Strategy Assessment**

U.S.-Libyan relations deteriorated significantly during the Reagan Administration. After numerous terrorist attacks against U.S. targets and interests overseas, the Reagan Administration, convinced of Libyan complicity, applied a strategy of deterrence and compellence to both punish Tripoli for their support of terrorist groups such as Abu Nidal, and also to deter future support. This policy was applied beginning in 1986 with Executive Orders 12543 and 12544—both of which established economic and diplomatic sanctions against Tripoli. In its compellence strategy, the Reagan Administration went so far as to conduct air strikes against Libyan terrorism-related targets in Benghazi and Tripoli.[7]

This use of force was useful later to back up Reagan's threats against the newly discovered chemical weapons complex at Rabta. With terrorism as their primary concern, the Reagan Administration applied the same terrorism-based compellence and deterrence policy to Libya's pursuit of weapons of mass destruction. In the end, however, the policy failed to facilitate any substantial change in Libyan behavior on either issue. Though there was a lull in activity after the 1986 U.S. air strikes, the Libyan government demonstrated its continued involvement in terrorism with the Pan Am 103 and UTA 772 bombings. Furthermore, though Libya would cease activity at the Rabta chemical plant in the early nineties, they subsequently began construction on a hardened, underground chemical weapons complex in Tarhuna.

### ***George H.W. Bush Administration Influence Strategy Assessment***

U.S.-Libyan relations during the first Bush Administration were characterized initially by rhetorical and diplomatic exchanges over WMD, specifically indications of Libyan intent to develop chemical weapons at the Rabta Plant. Later, after the November 14, 1991 indictment of two Libyans for the Pan Am 103 bombing, Libyan sponsorship of terrorism again took center stage in U.S. influence policy. The primary U.S. actions taken during this period included continued support for the national state of emergency and economic sanctions established with Executive Orders 12543 and 12544, increased flight restrictions on aircraft going to or coming from Libya (April 1992)[[8](#)], and the freezing of an additional \$260 million in Libyan assets (for a total of \$950 million).[[9](#)]

There were no exchanges of force between Libya and the United States during the Bush Administration, though notably, the U.S. did conduct their largest and most successful military operation since Vietnam—*Operation Desert Storm*. The most significant event during this period with respect to the U.S. influence strategy against Libya was the imposition of UN sanctions against Libya. The United States and United Kingdom were instrumental in the adoption of UN Security Council Resolution (UNSCR) 731, a resolution formally calling on Libya to support the Pan Am 103 and UTA 772 bombing investigations. Libyan refusal to comply with UN demands resulted in the passage of multilateral international sanctions (UNSCR 748).

The primary success of the U.S. influence strategy during this period was gaining the support of the international community in actions against Libya, namely in the passage of UNSCRs 731 and 748. The Bush Administration for their part did maintain the strength of the U.S. sanctions against Libya and added to them the additional concern of Libyan chemical weapons production. Though these sanctions, both U.S. and UN, would appear to be ineffective in facilitating Libyan behavior change during the Bush Administration, they would prove effective in the longer term.

### ***William Clinton Administration Influence Strategy Assessment***

Despite the discovery of continued Libyan efforts to develop their chemical weapons capability,[[10](#)] the primary source of friction between the United States and Libya during the Clinton Administration was Libya's continued support to terrorism—more specifically, their unwillingness to renounce terrorism and support the Pan Am 103 and UTA 772 investigations as mandated in UNSCRs 713 and 748. At the outset of his administration, President Clinton called for tightening international sanctions against Libya, including a worldwide oil embargo. Though an oil embargo was never agreed upon, the United Nations did strengthen punitive measures against Libya with the passage of Resolution 883 (November 1993). Clinton also tightened U.S. sanctions in 1996 with the establishment of the Iran-Libya Sanctions Act (ILSA). In an effort to limit cash inflows to the Iranian and Libyan regimes, this very controversial legislation applied sanctions to non-U.S. corporations for investing in Iran and Libya.[[11](#)]

Clinton's continual pressure on Libya and his pressure on the international community to strengthen sanctions against Libya helped to continue the economic and diplomatic isolation of the Qadhafi regime. Though this was integral to achieving the U.S. government's objective of limiting Qadhafi's ability to sponsor terrorism, it was not effective, even after ten years (1988-1998), in forcefully persuading Qadhafi to comply with the Pan Am 103 trial, much less in leading the Libyan government to a renunciation of terrorism. At best, the compellence and deterrence policy set the conditions in Libya through diplomatic and economic isolation for a favorable Libyan response to a strategy of limited conditional engagement.

U.S. influence strategy began to take a turn in late 1998 when the Clinton Administration took the first steps toward conditional engagement with Libya. In an effort described by Secretary of State Albright as "a way to call the Libyan Government's bluff," the Clinton Administration acceded to Libya's demand that the Pan Am 103 trial be moved to a neutral third country—the Netherlands—

in exchange for the handover of the suspects.[12] In April of 1999, Qadhafi handed over the two suspects for trial, resulting in the suspension of UN sanctions. Later that same month, the Clinton Administration modified U.S. sanctions, but did not lift them, arguing that Libya still had to fulfill remaining UN requirements, the renunciation of terrorism, cessation of support to terrorist activities, and full compliance with the Pan Am and UTA investigations. Further, the U.S. required that Libya accept responsibility for the Lockerbie bombing and pay compensation to victim's families.

Clinton's pursuit of limited conditional engagement opened the door to a series of small but positive steps by both states. In addition to handing over the Lockerbie suspects, Qadhafi closed the Libyan training camps of infamous international terrorist Abu Nidal. The Clinton Administration perceived this move as a concrete step toward renouncing terrorism.[13] In response, the Clinton Administration modified U.S. sanctions, did not object at the suspension of UN sanctions, and also allowed four U.S. oil companies to travel to Libya to assess the status of their holdings. Though these were small steps, they were steps towards facilitating the U.S. and internationally desired behavior change in Libya. Furthermore, though Libya did not meet all UN and U.S. requirements during the Clinton Administration, the door was opened to further conditional engagement between the U.S. and Libya.

### ***George W. Bush Administration Influence Strategy Assessment***

The Bush Administration was able to achieve the long sought after goal of Libyan behavior change. In August of 2003, the Libyan government accepted formal responsibility for the actions of convicted Lockerbie bomber, Abdel Basset Ali Megrahi, and agreed to pay compensation to the families of those killed in the attack.[14] In December of 2003 and later in May of 2004, the Libyan government renounced its pursuit of WMD, acceded to the Chemical Weapons Convention, and announced it would stop all military-related trade with suspected WMD and missile proliferators North Korea, Iran, and Syria.[15] The George W. Bush Administration did not facilitate this change in Libya by its policy alone; rather, Bush built upon the influence strategy created and shaped by the Reagan, Bush senior, and Clinton administrations. Furthermore, the second Bush Administration benefited greatly from British diplomatic efforts to facilitate communication between Washington and Tripoli.[16]

Having thus established that George W. Bush did not single-handedly bring Libya to the negotiating table, it is important to note a few unique contributions from the second Bush Administration that likely tipped the scale toward reconciliation. First, Bush's hard rhetoric and strong actions against other rogue regimes, including two major military operations in the larger Global War on Terror, provided for a *bonus coercive effect* on Libyan behavior.[17] Second, Bush's willingness to continue conditional engagement with Libya, despite his hardline stance on rogue states, allowed for continued trust building and dialogue between the two states, paving the way for Libyan renunciation of terrorism and WMD .

The sea change in U.S. foreign policy resulting from the 9/11 attacks and the demonstration of U.S. resolve in fighting terrorism and WMD lent credibility to Bush's hardline stance on sanctions against Libya. He clearly was resolved that U.S. sanctions would not be modified until Libya met all its UN requirements with respect to terrorism and U.S. requirements regarding both terrorism and WMD. When Libya demonstrated a willingness to move forward with reentry into the international community, the Bush Administration reciprocated these positive steps with rewards and assurances of better relations with continued behavior change. Both states were ready to rehabilitate the relationship, though slowly and through trust building measures. The result was Libya's renunciation of terrorism and WMD.

## Conclusion

U.S. influence strategy towards Libya was a short term failure and a long term success. The compellence and deterrence policies established under President Reagan and strengthened by later administrations served to isolate Libya economically and diplomatically. U.S. compellence and deterrence measures were oriented towards increasing the cost of Libyan support of terrorism and indigenous WMD programs through military strikes and economic and diplomatic isolation. Tripoli's own culpability in the bombings of Pan Am 103 and UTA 772 served to work against any efforts to remove sanctions by galvanizing the international community against Libyan support to terrorism. The Libyan government's subsequent unwillingness to meet United Nations' demands regarding support of terrorism in general, and the Pan Am and UTA bombings in particular, strengthened and extended UN sanctions, resulting in eleven years of multilateral isolation.

The cumulative effect of the U.S. and UN sanctions was to set the conditions for Libyan behavior change. This change began with the Clinton Administration's introduction of limited conditional engagement. After the Clinton Administration acceded to Libyan demands that the Pan Am 103 trial be held in a neutral third country, the Libyan government handed over the two suspects for trial. This was the beginning of many small but concrete steps towards Libya's reconciliation with the United States and the international community. The George W. Bush Administration, benefiting from years of Libyan isolation, Tripoli's positive response to conditional engagement, and British diplomatic help, continued the engagement in an incremental fashion. Backed up by credible, post-9/11 threats of forceful intervention, the Bush Administration clearly laid out the steps necessary for the removal of U.S. sanctions: acknowledgement of responsibility for the Pan Am 103 bombing and payment of restitution to victim families, concrete evidence of a renunciation of terrorism, and renunciation and disclosure of weapons of mass destruction programs.

Libya has taken actionable steps to demonstrate a change of policy concerning both terrorism and weapons of mass destruction. As of September 20, 2004, the Bush Administration lifted both the remaining air travel restrictions and the freeze on Libyan assets, estimated at approximately \$1.25 billion.<sup>[18]</sup> As part of the road-map agreement, this action will result in the release of additional monies to Pan Am 103 families.<sup>[19]</sup> Though Libya remains on the U.S. State Department's list of state sponsors of terrorism, Secretary Powell indicated they are making progress towards removal. Speaking of the future and referencing the ongoing policy of incrementalized engagement, Powell is hopeful: "...frankly, we're impressed with what they have done in recent years: resolved the Pan Am 103 case, turned in all their weapons of mass destruction... We've laid out a clear roadmap for them of what we expect them to do in order to move toward full normalization of relations between the United States and Libya... The Libyans have been forthcoming. We have been forthcoming... I think it's in our interest to receive Libya back into the international community."<sup>[20]</sup>

## Policy Recommendations

It is important that the United States be able to successfully influence rogue state behavior. Not only do rogue states pose a near to long term threat to U.S. interests, successfully influencing them could prevent the United States from having to resort to war to influence international outcomes. What can policy makers glean from this analysis to help them in formulating future influence efforts? This analysis leads to three recommendations:

***1. Sanctions can be effective in setting conditions for behavior change in rogue states; however, sanctions should be as multilateral as possible, preferable with United Nations backing.***

As demonstrated in the Libya case, sanctions were effective in isolating Libya, thus setting the conditions for behavior change. Because sanctions or other punitive measure can be critical to setting initial conditions, it is important that they be as effectively applied as possible. One of the best ways to ensure effective application is through a multilateral approach. With increasing globalization and different approaches to managing threats (engagement vs. coercion), unilateral U.S. sanctions alone may not be sufficient to isolate a regime economically and politically.

***2. If punitive measures are used to set conditions for behavior change, these measures may require extended periods of time to be effective.***

The primary punitive measures used by the U.S. against Libya were economic and diplomatic sanctions. U.S. sanctions had been applied for 13 years and UN sanctions for seven years before Libya took the first steps towards meeting international demands regarding their support for terrorism.

***3. Sticks alone may not result in positive behavior change by rogue states. After appropriate conditions have been set, a carefully crafted engagement strategy should be used in conjunction with compellence and deterrence to facilitate behavior change.***

With Libya, positive steps towards first renunciation of terrorism and later WMD did not happen until the U.S. modified its influence strategy and pursued limited conditional engagement. With rogue states, engagement should be conditional, requiring very specific and incremental reciprocal steps in exchange for positive incentives. Pursuing this kind of engagement allows for verification of actions and trust building by both sides. Finally, it is important to remember that engagement was not pursued by the U.S. until the compellence and deterrence policy had set the conditions for Libyan behavior change.

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## **References**

1. This essay is a condensed version of a larger Master of Arts thesis entitled, "Carrots or Sticks?: Libya and U.S. Efforts to Influence Rogue States," by Lieutenant Jamie Ann Calabrese, Naval Postgraduate School, Monterey, California, September 2004. See the thesis for a comprehensive literature review and case analysis.
2. The Libya case was selected for a variety of reasons: (1) Libya fits the rogue state profile articulated by the United States and has been treated as such through multiple U.S. presidential administrations; (2) Tripoli was actively engaged in behavior that was a clear threat to the United States, namely ideologically-based terrorism against U.S. persons and interests; (3) in the midst of supporting terrorism, Libya established a chemical weapons program; (4) the period in which the United States applied an influence strategy against Libya spans multiple U.S. administrations,



specifically those of Presidents Ronald Reagan through George W. Bush—allowing for analysis of the influence exchange of an extended period of time; and (5) the U.S. policy toward Libya was both successful and unsuccessful. In the short-term, the U.S. was not able to stop Libya from supporting international terrorism or building up a chemical weapons capability. In the longer term, however, Tripoli denounced their support for terrorism and the production and proliferation of WMD. This contrast makes it possible to compare different time periods with different results.

3. In his book, *Rogue States and U.S. Foreign Policy*, Robert Litwak argues that the “rogue state” classification is highly political and has no basis in international law. More specifically, the categorization is an expression of U.S. political objectives and perceptions, and is a reflection of U.S. approaches to international relations. Quoting Alexander George, Litwak describes the rogue state categorization as being “employed by one or more great powers with a stake in the maintenance and orderly working of the international system.” Ultimately, he argues, the categorization has no objective criteria and has been demonstrated to cause disagreement between the U.S. and its allies. Robert Litwak, *Rogue States and U.S. Foreign Policy: Containment After the Cold War* (Baltimore, Maryland: Johns Hopkins University Press, 2000), 47-48. Also see Alexander George, *Bridging the Gap: Theory and Practice in Foreign Policy* (Washington, D.C.: United States Institute of Peace Press, 1993), 48-49. Based on the Alexander George definition, it can be argued that however politically-charged the term may be, the concept of “rogue states” is a lens through which the U.S. government views a particular category of states within the international system. Since this analysis is written from the perspective of U.S. national security concerns and future policy-making, the term “rogue state” will be used with due consideration to reference and be consistent with the particular threat category articulated in the *National Security Strategy of the United States* (September 2002).

4. Raymond Tanter, *Rogue Regimes: Terrorism and Proliferation* (New York: St. Martin's Griffin, 1999), vii-viii. Of note, Tanter also includes the third qualification of possessing large conventional forces.

5. President George W. Bush, *The National Security Strategy of the United States of America* (Washington, D.C., Sep 2002), 13-14.

6. Specifically, the Libyan government pledged to, (a) eliminate all elements of its chemical and nuclear weapons programs, (b) Declare all nuclear activities to the IAEA, (c) eliminate ballistic missiles beyond 300 km range, with a payload of 500kg, (d) accept international inspections to ensure Libya's complete adherence to the Nuclear nonproliferation Treaty, and sign the Additional Protocol, (e) eliminate all chemical weapons stocks and munitions, and accede to the Chemical Weapons Convention, and (f) allow immediate inspections and monitoring to verify all of these actions. White House, [“Fact Sheet: The President's National Security Strategy to Combat WMD, Libya's Announcement.”](#) December 19, 2003.

7. The five targets selected for *Operation El Dorado Canyon* included: Aziziya Barracks in Tripoli, Jamahiriya Guard Barracks in Benghazi, Murrat Side Bilal base, military facilities at the primary airfield in Tripoli, and the Benina Military Airfield southeast of Benghazi . This latter target was a MiG fighter base and though not directly related to terrorism, was added to decrease the Libyan MiG threat to U.S. fighters during the mission. Information available from [GlobalSecurity.org](#).

8. Notice on Continuation of Libyan Emergency, December 14, 1992, in *Public Papers of the Presidents of the United States: George Bush, 1992-1993*, Book II, (Washington, D.C.: 1993), 2188.

9. Ronald Bruce St John, *Historical Dictionary of Libya*, 3rd edition (London: The Scarecrow Press, 1998), xli.



10. By 1996 the U.S. intelligence determined the Tarhuna complex would be operational as early as 1997 and when complete would be the largest chemical weapons complex in the world.

11. U.S. allies in Europe disagreed strongly with what they considered an “extraterritorial” application of U.S. laws to European businesses and by May 1998 the Clinton Administration made concessions to ease relations with the European Union.

12. Secretary of State Madeleine Albright, [“Statement on venue for trial of Pan Am #103 Bombing Suspects.”](#) U.S. Department of State, August 24, 1998.

13. Ronald Neumann, Deputy Assistant Secretary of State for the Near East, in John Lancaster, “U.S. Moves Toward Better Ties to Libya: Administration Cites Moderation by Qadhafi,” *Washington Post*, December 24, 1999, A9.

14. The other Libyan indicted in the Lockerbie bombing, Lamen Khalifa Fhimah, was acquitted on January 31, 2001.

15. Judith Miller, [“Libya Halts Military Trade with North Korea, Syria and Iran.”](#) *The New York Times*, May 14, 2004.

16. British diplomacy worked in tandem with the Bush Administration’s hardline policy to facilitate Libyan behavior change. The United Kingdom severed diplomatic ties with Libya in 1984 after policewoman Yvonne Fletcher was shot from a window of the Libyan embassy in London. As with the 1988 Lockerbie bombing, Tripoli initially refused to accept responsibility for the act; in 1999, however, they both accepted responsibility and agreed to pay compensation to her family. Britain then restored diplomatic relations and subsequently took a leading role in mediating the resolution of first the Lockerbie settlement and later the U.S. WMD concerns. In the latter case, Libyan intelligence officials contacted British MI6 officials to seek their support in resolving U.S. WMD concerns as early as March 2003—just before the beginning of *Operation Iraqi Freedom*. Between March and December 2003 British and U.S. diplomats worked with their Libyan counterparts to hash out the details of what would be Libya’s December 19 renunciation of WMD. British diplomatic efforts served as a balance to U.S. punitive rhetoric and actions and provided a means to positive reconciliation of the Libyan relationship with the international community and the United States. See also Patrick E. Tyler, [“Libyan Stagnation a Big Factor in Qaddafi Surprise.”](#) *The New York Times*, January 7, 2004.

17. *Bonus coercive effect* refers to advantageous coercive influence on a third-party state based on unrelated coercive measures applied by the influencing state to another target state. After 9/11 and the establishment of the Bush Doctrine, the Bush Administration made several foreign policy moves that, while not directly aimed at Libya, likely had the effect of influencing them none the less. Actions taken against a series of rogue states, for issues similar to those which were problematic in the U.S.-Libyan relationship, may have tipped the scales towards Libyan behavior change.

18. U.S. Department of State, [“U.S.-Libyan Diplomatic Relations.”](#) April 23, 2004; and White House news release, [“U.S. Eases Economic Embargo Against Libya.”](#) April 23, 2004.

19. The Libyan government agreed to a compensation package for Pan Am 103 families that totals \$2.7 billion—\$10 million per family. The first \$4 million per family was released with the lifting of UN sanctions, the second \$4 million will be released with the recent Bush Administration decision to lift remaining travel and release frozen Libyan assets. The final \$2 million per family will be provided when the U.S. removes Libya from the State Department’s list of state sponsors of terrorism.

20. U.S. Department of State, ["Interview with Mr. Mohammed and Mr. Hudson of Reuters."](#) April 26, 2004.

### About the Author

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